

LIGHTHOUSE Beacon

FALL 2023



Fall Greetings!

We just had our wonderful 6th annual Client Appreciation Event "Take A Walk on the Wild Side..." at the Edmonton Valley Zoo on September 23. It was wonderful to see about 450 clients and friends. This year we teamed up with fellow IPC Investment Corporation advisor, Ryan Brown, Silver Maple Financial. Ryan shares an office with Lighthouse Financial where Jim mentors Ryan.



We were blessed to be able sponsor many community events during the recent season. It's a privilege to team up with many other sponsors to support charitable organizations who are making a difference.

With the impact of inflation on everyone's finances, we thought it would be timely to discuss the costs of investing in this edition of Planner's Corner. We also highlight a tax break with regards to charitable donations recently approved by the Alberta government.



It's a blessing to be able to serve you and help you steward the resources God has given you. You and your business are appreciated.

Jim Hummel, CFP® CKA®

Client Appreciation Event, September 23, 2023: Take a Walk on the Wild Side



Involved in our Community

Edmonton Christian Schools' 30th Annual Auction May 13, 2023, Edmonton Christian High School

The Auction is ECS' largest community building and fundraising event of the year bringing together parents, students, staff, alumni, friends and supporters of ECS to celebrate and support Christian education. Over 900 attendees enjoyed a fun-filled evening of bidding on over 600 items donated by individuals and businesses. Together, \$41,228 was raised.



Rehoboth Christian Ministries 31st Annual Golf Classic June 3, 2023, The Ranch Golf & Country Club

This long running tournament, as well as similar tournaments held throughout the province, has raised hundreds of thousands of dollars. This year's tournament proceeds will be used to purchase a catering van for Bridgespan Café and Grill, Rehoboth's newest social enterprise. Bridgespan is in Supreme Steel's building in Acheson, Alberta and currently employs seven people with developmental disabilities. Check it out...it's worth the drive!



Emmanuel Home Golf Classic, June 24, 2023, The Ranch Golf & Country Club

The first ever tournament raised \$36,000 which will be used to support residents at Emmanuel Home.



Parkland Immanuel Christian School Fall Golf Classic, Sept 9, 2023, The Ranch Golf & Country Club



Fun, fellowship, and encouragement is the theme of this tournament, now in its 22nd year. After a significant increase in enrollment, proceeds from the golf tournament are used for an expansion of its' facilities, with Phase 1 recently completed.

Edmonton Christian Schools 2nd Annual Carnival, September 23, 2023, Edmonton Christian Northeast School

It was a day of community-building, servant-working and creation-enjoying by attendees, volunteers including many students, teachers and staff. \$17,600 was raised to support the Christian program at ECS where 1,600 students from 850 families are enrolled across three schools.



Alberta's Big Tax Break to Small Donors¹

Alberta has hiked the provincial donation tax-credit rate on the first \$200 of charitable donations from 10% to 60%. Combined with the 15% federal tax credit, Albertans will receive a \$150 tax credit on the first \$200 of donations. This is an increase from 25% (10% Alberta, 15% federal) last year. United Conservative MLA Dan Williams, the bill's sponsor, told the legislative assembly that the higher tax credit will help registered charities build a wide base of smaller donations and encourage younger generations to become repeat donors. For amounts over \$200, most Alberta residents receive a provincial and federal tax credit of 50% (21% Alberta, 29% federal).



¹ Rudy Mezzetta, Investment Executive, Sept 18, 2023



Planner's Corner: Fees are important, other considerations.

With the impact of inflation on our finances, it's timely to review all spending including investment fees.

For GIC and high interest account investors, the rate you receive is your rate. Behind the scenes, the advisor receives a portion of the commission paid to the investment dealer or in the case of a bank or credit union, the advisor is paid a salary.

For investors willing to take on risk to potentially earn a higher rate of return, fees are usually automatically deducted from the investments. In the case of mutual funds, this is known as Management Expense Ratio (MER). The MER is paid to the fund company, investment dealer and government in the form of GST or HST. The fund company uses their share to pay fund managers, cover operating expenses and provide a return to its' shareholders. After deducting amounts for operations and compliance, the investment dealer pays the advisor. The advisor uses his share to pay for expenses such as rent, office expenses and staff salaries.

Do It Yourself (DIY) is a way to reduce fees. According to Rob Carrick, Globe & Mail columnist, An Exchange Trading Fund portfolio can be assembled with fees as low as .08% plus trading commissions to buy and sell funds (Carrick, Globe & Mail, May 25, 2023). That's significant as most investors pay around 2%. Before firing your financial advisor to lower your fees, consider the following:

- Good advisors base their investments for clients on a **financial plan** that maps out how life planning goals will be achieved. Key points covered include how much you need to invest and the return needed to reach your goals combined with how much risk you need to take and your comfort level.



- **Diversification might be difficult.** With less money to invest, your portfolio might be more concentrated overexposing a DIY investor to a downturn. Recent examples of bubbles include cannabis, cryptocurrency and the ups and downs of the technology sector.

- **Analysis paralysis may lead to sitting on the sidelines.** Overwhelmed by information, some



DIY investors let cash sit idle. Worse is to lose interest in investing once the initial excitement wears off.

- **Outsmarting the market is difficult.** Market-timing traps include going to cash because of concerns about a recession or some other event that could impact investments negatively and then waiting too long to get back into the market.

- **Reviewing and rebalancing portfolios** to take advantage of market lows and maintain risk tolerance may not occur as often as recommended.

- **It is easy to get lost in the acronyms** (RRSP, TFSA, RESP, FHSA, etc.) and not realize which investment vehicles fit best to achieve life planning goals and minimize tax.



Often, you get what you pay for. The fees paid at Lighthouse Financial & IPC Investment Corporation are competitive with advice. I will continue to discuss fees during annual reviews. In the meantime, if you would like a further analysis of the fees you are paying, please let me know.

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